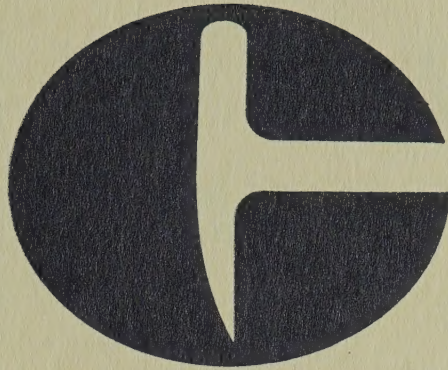


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**CONWEST  
EXPLORATION**  
C O M P A N Y L I M I T E D

THIRTY-THIRD ANNUAL REPORT

*December 31* — 1971

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*Thirty-Third Annual Report*

*of*

**C O N W E S T**

**EXPLORATION COMPANY LIMITED**

OFFICERS

F. M. CONNELL, O.B.E.	-	-	-	-	-	-	-	-	-	Chairman
C. R. ELLIOTT	-	-	-	-	-	-	-	-	-	President
M. P. CONNELL	-	-	-	-	-	-	-	-	-	Executive Vice-President
I. F. T. KENNEDY	-	-	-	-	-	-	-	-	-	Vice-President
J. R. SCRIMGER	-	-	-	-	-	-	-	-	-	Secretary
J. C. LAMACRAFT	-	-	-	-	-	-	-	-	-	Treasurer
D. B. MacDERMOTT	-	-	-	-	-	-	-	-	-	Assistant Secretary

DIRECTORS

F. M. CONNELL, O.B.E.	-	-	-	-	-	-	-	-	-	Toronto, Ontario
W. H. CONNELL	-	-	-	-	-	-	-	-	-	Spencerville, Ontario
E. B. CONNELL	-	-	-	-	-	-	-	-	-	Spencerville, Ontario
M. P. CONNELL	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. D. CHRISTIAN, C.B.E.	-	-	-	-	-	-	-	-	-	Toronto, Ontario
K. A. CREERY	-	-	-	-	-	-	-	-	-	Montreal, Quebec
C. R. ELLIOTT	-	-	-	-	-	-	-	-	-	Bowmanville, Ontario
S. E. JAMIESON	-	-	-	-	-	-	-	-	-	Toronto, Ontario
I. F. T. KENNEDY	-	-	-	-	-	-	-	-	-	Toronto, Ontario

TRANSFER AGENT AND REGISTRAR

MONTREAL TRUST COMPANY	-	-	-	-	-	-	-	-	-	Toronto, Ontario
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BANKERS

THE ROYAL BANK OF CANADA

AUDITORS

CLARKSON, GORDON & CO.	-	-	-	-	-	-	-	-	-	Toronto, Ontario
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SOLICITOR

D. B. MacDERMOTT	-	-	-	-	-	-	-	-	-	Toronto, Ontario
------------------	---	---	---	---	---	---	---	---	---	------------------

ADMINISTRATIVE OFFICE

TENTH FLOOR, 85 RICHMOND STREET WEST	-	-	-	-	-	-	-	-	-	Toronto, Ontario
--------------------------------------	---	---	---	---	---	---	---	---	---	------------------

FIELD OFFICES

SUITE 1102, 475 HOWE ST.	-	-	-	-	-	-	-	-	-	Vancouver, B.C.
WHITEHORSE, Y.T.										

ANNUAL MEETING

10.00 A.M., May 8, 1972	-	-	-	-	-	-	-	-	-	The British Columbia Room Royal York Hotel Toronto, Ontario
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## Report of the Directors

To the Shareholders,  
Conwest Exploration Company Limited,

Your directors submit the 33rd Annual Report on the affairs of your company including the Auditors' Report, the balance sheet as at December 31, 1971 and the related statements of income and retained earnings and the statement of source and application of funds for the year ended on that date.

The Annual Report of Cassiar Asbestos Corporation Limited is appended for your information.

### **CASSIAR ASBESTOS CORPORATION LIMITED**

Your company holds 550,100 shares of Cassiar Asbestos Corporation Limited.

During the year, Cassiar earned \$15,102,173 before providing for depreciation, waste removal and other write-offs aggregating \$8,334,027 leaving a net profit before income taxes of \$6,768,146. Provision for income taxes of \$2,140,000 resulted in a net profit for the year of \$4,628,146 or \$0.84 per share as compared with \$7,140,312 or \$1.31 per share earned in 1970.

The operating results at Cassiar for the year resulted in lower profit than had been anticipated due to the combination of a longer and more troublesome run-in period for the Cassiar Mill extension which increased costs and limited production while at the same time mining at the Clinton Mine was in the lower grade footwall zone for most of the year with recoveries at that Mine of 5.37% fibre compared to the average grade of 7.06% mined the previous year. By the year end the Cassiar Mill was operating at near the planned capacity, and a better grade of ore was being mined at Clinton. During the year, pit design at Clinton was changed to permit the treatment of a more constant average grade of ore in future.

### **JOREX LIMITED**

Your company, having subscribed for a further 80,000 shares at \$1.00 per share during the year, now holds 160,000 shares of Jorex Limited representing approximately 9.4% of the outstanding capital of that company. Jorex conducts a programme of general exploration across Canada. During 1971 it carried on mineral exploration for its own account and in participation with others in the Provinces of Quebec, Ontario, Manitoba and British Columbia.

Jorex and your company financed on an equal basis, a joint exploration project in Northern British Columbia under the direction of J. R. Woodcock. Good grade fluorspar was discovered in several separate showings and claims were staked to cover the favourable area. Prospecting and a limited amount of diamond drilling were carried out late in the season. Considerable work will be necessary to determine the economic importance of the occurrence. A programme of mapping, trenching and drilling is planned for the forthcoming year. Preliminary metallurgical tests indicate that a satisfactory recovery of the mineral can be made and the feasibility of marketing the product from this location is being investigated.

### **WEST GRAHAM MINES LIMITED**

Conwest holds 701,863 shares or 48% of the capital stock of West Graham Mines Limited issued and outstanding as at December 31, 1971. No work was carried out during the year.

### **BUFFALO RIVER EXPLORATION LIMITED**

The claims held by Buffalo River Exploration Limited were all brought to lease during the year. No further work was done on the 408 orebody where estimated reserves remain at 1,414,600 tons having an average grade of 3.4% lead and 9.8% zinc. Buffalo River Exploration Limited transferred its mineral claims to its shareholders and wound up its affairs before the year end. As a result, your company's interest in the claims of 41.5% is now held directly.



## **BASIN OIL EXPLORATION LIMITED**

Your company holds 681,661 shares of Basin Oil Exploration Limited representing 62% of the capital stock of that company. As a means of effective participation in oil and gas exploration in Western Canada, Basin subscribed for 100,000 shares of the capital stock of Bluemount Resources Limited at the price of \$5.00 per share whereof 50,000 shares were taken up and paid for in 1970 and the remaining 50,000 shares will be taken up and paid for December 1, 1972. Bluemount Resources Limited is an oil and gas exploration company based in Calgary, Alberta. It is using its financial resources in participation with Northern Natural Gas Company to explore for oil and gas in Western Canada.

## **CHIMO GOLD MINES LIMITED**

Early in December, your company together with Central Patricia Gold Mines, Limited, acquired a total of 470,000 shares of Chimo Gold Mines Limited, of which your company holds 376,000 shares. On December 13, 1971, Messrs. C. R. Elliott and M. P. Connell, nominees of Conwest Exploration Company Limited and Central Patricia Gold Mines, Limited, were elected to the board of directors of Chimo Gold Mines Limited and its associated companies, Calmor Iron Bay Mines Limited, Lake-Osu Mines Limited, and Uranium Ridge Mines Limited. The other director of these companies is Mr. A. C. Mosher, who continues to serve as their President. Conwest will provide office and management facilities for the companies.

Income received by Chimo Gold Mines Limited during 1971 amounted to \$231,900 and was derived from royalty on the production of iron ore pellets from the Griffith Mine located near Red Lake in the Province of Ontario. The mine is operated under leasing arrangements by The Steel Company of Canada Limited.

During the year, Chimo carried on mineral exploration for its own account and in participation with others in the Provinces of Quebec, Ontario and British Columbia. While no discoveries were made during the year, there is sufficient encouragement from work on Chimo's claims in the Sturgeon Lake area to warrant further exploration.

## **CONWEST EXPLORATION OVERSEAS LIMITED**

Conwest Exploration Overseas Limited has issued and outstanding 2,400,000 shares of which your company holds 1,092,000 shares. Conwest Exploration Overseas Limited through its subsidiary Conwest Exploration (Australia) N.L. is carrying on a comprehensive programme of long-term exploration in Australia.

Conwest Exploration (Australia) N.L. was incorporated with a capital of 7,500,000 shares. At December 31, 1971 its outstanding issued capital was 5,250,000 shares of which Conwest Exploration Overseas Limited held 4,000,000 shares. Your company's holdings of Conwest Exploration Overseas Limited, therefore, represent an indirect 34 $\frac{2}{3}$ % interest in the Australian Company.

Your attention is directed to the report of Mr. C. K. O'Connor, Exploration Manager for Australian operations, which is enclosed.

## **GENERAL EXPLORATION IN WHICH CENTRAL PATRICIA GOLD MINES, LIMITED PARTICIPATED TO THE EXTENT OF 20%**

Pursuant to its agreement with your company, Central Patricia Gold Mines, Limited continued to participate to the extent of 20% in all mineral exploration activities.

### **British Columbia**

The companies participated with Jorex Limited in an exploration venture in Northern British Columbia under the direction of J. R. Woodcock which is more fully reported under Jorex above.

Pursuant to its option with respect to the CW, QC, and GJ claims held by your company in the Stikine River area of British Columbia, Amoco Canada Petroleum Company Ltd. continued work on the claims including geophysical surveys and diamond drilling. Copper values encountered were consistently low and Amoco has dropped its option.

The company has joined two other companies supporting a prospecting syndicate in British Columbia managed by Messrs. Bacon & Crowhurst of Vancouver. A mineralized zone was discovered as a result of this programme and claims were staked to cover the indicated area of mineralization. The claims will be investigated during 1972 as a separate exploration project and the syndicate will continue its prospecting programme.

### **Northwest Territories**

During the year, the companies participated with the Newconex group of companies in acquiring additional claims in the Pine Point area of the Northwest Territories. These are in the general vicinity



of claims formerly held by Buffalo River Exploration Limited, referred to above. A number of bodies of lead-zinc ore occur at Pine Point in association with a carbonate reef. One of these is owned by the companies and the Newconex group of companies. It is the intention to carry out geophysical work on the newly acquired claim groups to be followed by diamond drilling if warranted.

### **Ontario**

The companies continue to hold interests in the Sturgeon Lake area where the Mattabi Mine is now approaching production and several other important copper mineralized deposits have been reported. Although the work carried out during the year disclosed the presence of sulphide bodies on your company's claims, no commercial values were found. Work will continue during 1972.

As reported previously, the companies hold a large number of claims in the Pickle Lake area. During the year, the companies granted an option to Umex Corporation Limited on 172 of these claims in the area adjoining ground held by Umex. Pursuant to the agreement, Umex undertook to carry out an initial work programme to cost not less than \$25,000 and has the right to acquire up to 60% interest in the claims by making additional expenditures. During the year, Umex carried out geophysical surveys which located four conductors on the claims. One diamond drill hole was drilled into each of the conductors and disclosed sulphides containing no values and graphite, accounting for the anomalies. Further work is planned.

The companies have conducted airborne and ground geophysical surveys on other claim groups held in the area and to date six conductors have been drilled with negative results. Work is continuing.

In addition to the foregoing, the companies have maintained an active general exploration programme including the examination of numerous prospects.

### **Exploration Policy**

Central Patricia Gold Mines Limited will continue to participate with your company in its mineral exploration to the extent of 20% of the net cost to Conwest of such exploration and acquire 20% of any interest that accrues to Conwest therefrom.

Conwest has entered into a joint exploration agreement with Chimo Gold Mines Limited and Calmor Iron Bay Mines Limited pursuant to which Chimo and Calmor will participate in any exploration initiated by Conwest on and after January 1, 1972 to the extent of 20% and 13 1/3% respectively. Each of the companies will be responsible for the completion of any exploration programmes in effect prior to that date and any properties held prior to January 1, 1972 will not be subject to the agreement. The agreement may be terminated by Conwest after December 31, 1972 by notice given prior to June 30 and effective December 31 of the year in which notice is given. Chimo and Calmor may terminate the agreement by notice given after December 31, 1972 and effective two years after January 1 following the giving of such notice.

The overall effect of the agreement is that participation in future mineral exploration will be in the proportion of Conwest 53 1/3%, Central Patricia 13 1/3%, Chimo 20% and Calmor 13 1/3%. All costs including the cost of senior management and general administrative expenses exclusive of normal corporate and secretarial expenses of each company will be borne by the group in the foregoing proportions and any interests acquired or benefits accruing will be similarly shared. The more effective use of Conwest's exploration staff by permitting a larger exploration programme than the companies could undertake individually will be a benefit to all.

Your company maintains a capable exploration staff under the management of Mr. T. L. Horsley, as set out in the statement of Management and Exploration Personnel attached hereto.

### **General**

Your company will continue to maintain an active and aggressive policy of mineral exploration in Canada and elsewhere as opportunities may develop.

Your directors express their appreciation of the faithful service rendered the company by all its employees.

On Behalf of the Board,

F. M. CONNELL,  
Chairman.

C. R. ELLIOTT,  
President.

Toronto, Ontario,  
March 10, 1972.



# CONWEST EXPLORATION (AUSTRALIA) N.L.

## Exploration Manager's Report

Mr. C. R. Elliott,  
Chairman,  
Conwest Exploration (Australia) N.L.

Dear Sir,

I submit herewith my summary report on the operations of Conwest (Australia) No Liability for the year ended December 31, 1971. The Company maintained a high level of activity throughout 1971 with six professional geologists on staff. In keeping with the decision to place less emphasis on nickel exploration, the Company expanded its activities in the Eastern States, while at the same time concentrating on other base-metals in Western Australia.

The Company's major exploration effort in Western Australia during the year was its 25% participation in the Freddie Well Joint Venture. A major programme including over 11,600 feet of diamond drilling was undertaken by the Company on behalf of the partners to investigate significant copper-zinc occurrences in Precambrian rocks near Youanmi, about 300 miles northeast of Perth.

Substantial amounts of about 10% zinc mineralisation containing minor copper values were indicated by the drilling. The tonnage and grade of the mineralisation located to date, in this remote location, is insufficient to warrant further expenditures by Conwest.

Other exploration by the Company in Western Australia included a search for copper-zinc sulphides in the Yalgoo and Murchison goldfields, and a brief re-examination of several inactive nickel prospects. Later in the year the Company commenced a long-term investigation of the Paleozoic carbonate rocks in the Kimberley region of W.A. for Mississippi-valley type lead-zinc deposits.

In early December, 1971, Conwest commenced investigation of uranium possibilities associated with recent drainage channels located over large granite areas of the Precambrian Shield of Western Australia.

Of the several farmout agreements which were in force at the beginning of 1971 covering many of the Company's W.A. nickel prospects, three were terminated during the year, one was partially terminated at year end and four remain in good standing. Of the latter group the Amax Joint Venture (50:50) on the Duplex Hill property near Kalgoorlie remains the Company's most attractive nickel prospect. Work

completed during the year on the various other properties was either unsuccessful or inconclusive.

In W.A. a total of 215 mineral claims were being kept in good standing for 1972. Most Eastern States exploration in 1971 was carried out from a field office in Biloela, Queensland, near Mount Morgan. One property known as Silver Star was tested by about 3,500 feet of diamond drilling which indicated a small deposit of copper-silver-lead-zinc mineralisation of sub-economic grade. At the end of 1971 additional drilling had just commenced to establish whether grade improved with depth, or lateral zoning existed. The programme, which was completed in early January, 1972, failed to extend the zone.

Many other prospects were examined in the Biloela area. For the most part these have been tested by preliminary surveys and abandoned.

In August, 1971, the Company entered into a Joint Venture with a Cairns prospector to undertake exploration of a copper-lead-zinc-silver prospect at Mungana near Chillagoe, Qld. The property covers part of an old line of lode which was mined early in the century for its copper-lead-silver. The zinc was not recovered in the local smelter and primary sulphide was of little interest compared to the rich secondary ores. Examination of the available data suggested that other high-grade bodies could exist, and by year end two deep diamond drill holes were completed to test potential target areas below the level of oxydation. Considerable low grade secondary copper and zinc mineralisation has been encountered but no massive sulphides. The results are being assessed to determine whether the secondary mineralisation warrants further investigation.

At year's end several other base-metal prospects were being examined in both Queensland and New South Wales.

Total exploration expenditures for the year were \$414,343. Many properties were abandoned at year end and this, plus general exploration, amounted to a \$473,681 write-off for 1971.

Respectfully submitted,  
C. K. O'CONNOR, P.Eng.  
Exploration Manager.

PERTH, JANUARY 28, 1972.



*Clarkson, Gordon & Co.*

*Chartered Accountants*

Royal Trust Tower  
P.O. Box 251 Toronto-Dominion Centre  
Toronto 111, Canada

Halifax Saint John Quebec Montreal Ottawa  
Toronto Hamilton Kitchener London Windsor  
Thunder Bay Winnipeg Regina Calgary  
Edmonton Vancouver Victoria

Arthur Young, Clarkson, Gordon & Co.  
United States—Brazil

Telephone 864-1234 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of  
Conwest Exploration Company Limited:

We have examined the balance sheet of Conwest Exploration Company Limited as at December 31, 1971 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
March 6, 1972.

*Clarkson, Gordon & Co.*

Chartered Accountants



# Conwest Exploration Company Limited

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1971

(with comparative figures for the year 1970)

	1971	1970
<b>Source of funds:</b>		
Dividends and interest .....	\$ 825,562	\$1,265,632
Proceeds from sale of investments .....	2,624,496	1,960,031
	<u>3,450,058</u>	<u>3,225,663</u>
Less purchase of investments .....	1,956,182	2,081,546
	<u>1,493,876</u>	<u>1,144,117</u>
<b>Application of funds:</b>		
Expended upon exploration and development of mining claims and properties including general exploration and adminis- trative costs .....	1,156,566	1,239,908
Less recovered from others .....	277,496	235,629
	<u>879,070</u>	<u>1,004,279</u>
Subscription to shares in and advances to other mining com- panies for exploration purposes .....	106,200	278,991
Dividends paid .....	300,000	300,000
	<u>1,285,270</u>	<u>1,583,270</u>
Net increase (decrease) in working capital .....	208,606	(439,153)
Working capital at beginning of year .....	3,307,538	3,746,691
<b>Working capital at end of year .....</b>	<u><u>\$3,516,144</u></u>	<u><u>\$3,307,538</u></u>



# Conwest Exploration Company Limited

## STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended December 31, 1971  
(with comparative figures for the year 1970)

	1971	1970
<b>Income:</b>		
Dividends .....	\$ 621,372	\$ 1,014,225
Interest .....	204,190	251,407
Gain on sale of investments .....	272,645	150,584
	<u>1,098,207</u>	<u>1,416,216</u>
<b>Expense:</b>		
General exploration and administrative together with the cost of current and prior years' direct exploration and development expenditures on mining claims and properties which were abandoned during year (notes 1 and 2) .....	704,020	590,506
Corporate .....	32,533	34,600
Depreciation .....	5,662	5,337
	<u>742,215</u>	<u>630,443</u>
Less portion of expenditures recovered from other companies .....	88,044	82,763
	<u>654,171</u>	<u>547,680</u>
Income before undernoted items .....	(18) <u>444,036</u>	<u>868,536</u>
Profits (losses) of subsidiary companies (note 5) .....	7,815 ✓	(177,618) ✓
Write-down of investment in shares of Chance Mining and Exploration Co. Ltd. ....	(12) (298,797) ✓	
	<u>(290,982)</u>	<u>(177,618)</u>
<b>Net income for the year</b> .....	<u>153,054</u>	<u>690,918</u>
Retained earnings at beginning of year .....	15,257,439	14,866,521
	<u>15,410,493</u>	<u>15,557,439</u>
Dividends totalling 12¢ per share .....	300,000	300,000
<b>Retained earnings at end of year</b> .....	<u>\$15,110,493</u>	<u>\$15,257,439</u>
Earnings per share .....	<u>\$ 0.06</u>	<u>\$ 0.28</u>



# Conwest Exploration

(Incorporated under the laws of the State of Nevada)

## Balance Sheet—

(with comparative figures for 1970)

A S S E T S		
Current:	1971	1970
Cash .....	\$ 141,895	\$ 602,850
Short-term investments at cost (approximately market) .....	2,602,494	2,508,566
Accounts receivable .....	290,929	364,707
Due from broker .....	712,280	46,157
Total current assets .....	3,747,598	3,522,280
Investment in mining companies and properties (notes 2-6):		
Shares with a quoted market value at cost (indicated market value 1971 — \$15,225,000; 1970 — \$17,800,000) ...	7,414,012	7,331,122
Other shares and advances at cost less amounts written off ..	2,312,041	3,230,363
Subsidiary companies .....	1,224,155	1,261,038
Mining properties at cost and expenditures thereon .....	1,951,265	1,391,592
Total interest in mining companies and properties ..	12,901,473	13,214,115
Fixed assets at cost less accumulated depreciation of \$25,708 (\$22,128 in 1970) .....	14,374	20,784
Deferred past service pension costs (note 8) .....	177,000	
	\$16,840,445	\$16,757,179



# Company Limited

(In thousands of dollars)

December 31, 1971

(December 31, 1970)

## LIABILITIES

Current:	1971	1970
Accounts payable and accrued .....	\$ 81,454	\$ 64,742
Dividend payable .....	150,000	150,000
Total current liabilities .....	231,454	214,742
Unfunded portion of past service pension benefits (note 8) .....	213,500	
Shareholders' equity:		
Capital —		
Authorized:		
3,000,000 shares of no par value		
Issued:		
2,500,000 shares .....	1,284,998	1,284,998
Retained earnings .....	15,110,493	15,257,439
	16,395,491	16,542,437
On behalf of the Board:		
C. R. ELLIOTT, Director		
M. P. CONNELL, Director		
	\$16,840,445	\$16,757,179

The accompanying notes are an integral part of these financial statements.

# Conwest Exploration Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 1971

### 1. Accounting presentation

The comparative figures for the year ended December 31, 1970 have been revised to conform with the presentation adopted in 1971. In particular, general overhead (including executive remuneration) which relates directly to the company's exploration activities and which was previously classified separately as general and administrative expense has now been included with the other general exploration costs.

### 2. Accounting policy

The company's policy is to write off all general exploration expenditures incurred during the year and to capitalize the direct cost of acquisition and expenditures thereon in mining properties which were in good standing at the year end. Upon disposal or abandonment of such interest the net gain or loss is reflected in the statement of income and retained earnings.

### 3. Shares with a quoted market value at cost

DECEMBER 31, 1971				
	No. of Shares	% of outstanding capital	Cost	Indicated Market value
Chimo Gold Mines Limited .....	376,000	11.2%	\$ 648,910	\$ 421,000
Cassiar Asbestos Corporation Limited .....	550,100	10.0%	2,414,406	11,277,000
Central Patricia Gold Mines Limited .....	267,624	10.7%	283,168	482,000
Other investments with a quoted market value ...			4,067,528	3,045,000
Total cost and indicated market value December 31, 1971 .....			<u>\$7,414,012</u>	<u>\$15,225,000</u>
Total cost and indicated market value December 31, 1970 .....			<u>\$7,331,122</u>	<u>\$17,800,000</u>

### 4. Other shares and advances at cost less amounts written off

DECEMBER 31, 1971			
	No. of shares	% of outstanding capital	Book value
Chance Mining & Exploration Co. Ltd. ....	1,189,533	40.5%	\$ 1
Conwest Exploration Overseas Limited .....	1,092,000	45.5%	1,024,054
West Graham Mines Limited .....	701,863	48.0%	87,469
			<u>1,111,524</u>
Other shares .....			1,152,850
Advances .....			47,667
Total cost December 31, 1971 .....			<u>\$2,312,041</u>
Total cost December 31, 1970 .....			<u>\$3,230,363</u>

### 5. Investment in and advances to subsidiary companies

Shares at cost less amounts written off —

BOOK VALUE DECEMBER 31			
	% of outstanding capital	1971	1970
Basin Oil Exploration Limited .....	62.2%	\$ 511,050	\$ 511,050
Bay Copper Mines Limited .....	79.7%	184,380	184,380
Coniska Copper Mines Limited .....	50.0%	104,028	104,028
Ketza River Mines Limited .....	64.6%	114,035	114,035
Ontario Lithium Company Limited .....	83.1%	100,707	100,707
Willow Creek Mines .....	100.0%	125,000	125,000
Other subsidiaries (4) .....	(63.3%-80.0%)	74,315	85,064
		<u>1,213,515</u>	<u>1,224,264</u>
Advances at cost .....		440,553	442,209
		<u>1,654,068</u>	<u>1,666,473</u>
Provision for losses less profits since acquisition ...		429,913	405,435
		<u>\$1,224,155</u>	<u>\$1,261,038</u>



In accordance with Section 121 of the Canada Corporations Act the following are the details relating to the unconsolidated subsidiary companies:

- (a) The subsidiary companies' financial statements have not been consolidated because, in the opinion of management, such consolidation would be inappropriate. The assets of the subsidiary companies include cash and investments at market value which after deducting accounts payable, aggregate \$184,500 in which the company's equity is \$105,500. The balance of the company's investment in subsidiary companies is represented by mining claims, properties, expenditures thereon and other deferred amounts, the value of which can only be determined through operation, sale or abandonment.
- (b) The company's portion of the aggregate profits less losses of subsidiaries for the respective financial periods coinciding with or ending in the financial period of the company totalled \$7,815 which has been included in the statement of income and retained earnings.
- (c) The company's portion of the losses less undistributed profits of the subsidiaries since their acquisition is \$429,913.

#### 6. Mining properties at cost and expenditures thereon

Balance at beginning of year .....		\$1,391,592
Deduct:		
Prior years' expenditures charged to operations .....	\$ 126,689	
Prior years' expenditures reclassified as cost of investments received in consideration therefor .....	25,696	152,385
		<u>1,239,207</u>
Add:		
Current year's expenditures capitalized, net of related recoveries of \$189,453 .....	397,581	
Prior years' expenditures previously classified as cost of investment in Buffalo River Exploration Limited .....	314,477	712,058
		<u>\$1,951,265</u>
Balance at end of year .....		

#### 7. Remuneration of officers and directors

The aggregate direct remuneration paid by the company during the year ended December 31, 1971:

To the nine directors .....	\$ 3,000
To nine officers of whom six are directors .....	84,800
To two others, deemed officers pursuant to the Ontario Securities Act .....	33,600
	<u>\$ 121,400</u>

The aggregate cost to the company during the year ended December 31, 1971 with respect to all pension benefits proposed to be paid in the event of retirement at normal retirement age (65 years):

Re directors and officers .....	\$ 17,900
Re two others, deemed officers pursuant to the Ontario Securities Act .....	2,800
	<u>\$ 20,700</u>

#### 8. Pension plan

The balance of deferred past service costs will be charged to operations in annual amounts of \$44,250 over the years 1972 to 1975 inclusive. The present value of the unfunded portion of past service benefits is \$213,500 based on actuarial estimates made as at January 1, 1971. This amount is being funded by annual payments of \$21,600 (including interest) to December 31, 1985.

#### 9. Legal action

On April 15, 1971 Victor A. Sittler, Hiram H. Nelson, Ronald L. Kirk and Robert W. Kirk, the "Plaintiffs", commenced an action in the Territorial Court of the Yukon Territory against Conwest Exploration Company Limited claiming additional shares of Cassiar Asbestos Corporation Limited or in the alternative damages for breach of contract.

The Plaintiffs' claims, which relate to an Agreement dated October 11, 1950, as amended by an Agreement dated June 7, 1951, were in substance the basis of an action by the Plaintiffs commenced on July 9, 1958 in the Territorial Court of the Yukon Territory discontinued by the Plaintiffs on January 20, 1960. In the opinion of legal counsel for Conwest Exploration Company Limited, the action will not succeed.

# Conwest Exploration Company Limited

## *Management and Exploration Personnel*

### GENERAL OFFICERS:

Chairman of the Board	-	-	-	-	-	-	-	-	-	F. M. CONNELL, O.B.E., LL.D.
President	-	-	-	-	-	-	-	-	-	C. R. ELLIOTT, C.A.
Executive Vice-President	-	-	-	-	-	-	-	-	-	M. P. CONNELL
Vice-President	-	-	-	-	-	-	-	-	-	I. F. T. KENNEDY, B.Sc., P.Eng.
Consulting Engineer	-	-	-	-	-	-	-	-	-	J. D. CHRISTIAN, C.B.E., B.A.Sc., P.Eng.
Assistant to the President	-	-	-	-	-	-	-	-	-	S. K. BRIGHAM, B.A.Sc., P.Eng.
Secretary	-	-	-	-	-	-	-	-	-	J. R. SCRIMGER, F.C.I.S.
Treasurer	-	-	-	-	-	-	-	-	-	J. C. LAMACRAFT, C.A.
Assistant Secretary and Solicitor	-	-	-	-	-	-	-	-	-	D. B. MacDERMOTT, B.Sc., LL.B.

### EXPLORATION AND DEVELOPMENT DIVISION:

#### Canada:

Manager	-	-	-	-	-	-	-	-	-	T. L. HORSLEY, B.A.Sc., P.Eng.
Chief Geologist	-	-	-	-	-	-	-	-	-	H. J. HODGE, B.A.Sc., P.Eng.
Geologist—Toronto	-	-	-	-	-	-	-	-	-	T. E. WARREN, B.Sc., M.S.
Geologist—Vancouver	-	-	-	-	-	-	-	-	-	G. W. GRANT
Geologist—Whitehorse	-	-	-	-	-	-	-	-	-	G. S. ZIMMER
Geologist	-	-	-	-	-	-	-	-	-	H. S. SWINDEN, B.Sc.
Geologist	-	-	-	-	-	-	-	-	-	J. R. ALLAN, B.Sc.
Assistant to the Manager	-	-	-	-	-	-	-	-	-	K. G. MILLER
Land Secretary	-	-	-	-	-	-	-	-	-	S. GOODWIN

#### Australia:

Manager	-	-	-	-	-	-	-	-	-	C. K. O'CONNOR, B.A.Sc., P.Eng.
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# Cassiar Asbestos Corporation Limited

## Report of the Directors

To the Shareholders,  
Cassiar Asbestos Corporation Limited:

Your directors present herewith the twentieth annual report on the affairs of your company including the consolidated balance sheet as at December 31, 1971, statements of consolidated operations, retained earnings and source and application of funds for the year ended on that date and your auditors' report thereon.

### FINANCIAL

The operating profit was \$15,102,173 before providing for depreciation, waste removal, and other write-offs aggregating \$8,334,027, leaving a net profit before income taxes of \$6,768,146. Provision for income taxes of \$2,140,000 resulted in a net profit for the year of \$4,628,146, or \$.84 per share as compared to \$7,140,312 or \$1.31 per share earned in 1970.

The revenue from sales was \$757,627 less than in 1970 and the net profit from the combined operations was \$2,512,166 lower. These differences can be largely attributed to the following:

#### 1. Sales

Due to operating difficulties in the Cassiar Mill and lower recovery at the Clinton Mine, referred to below, production fell short of sales commitments. The unfilled orders will be shipped out of 1972 production.

#### 2. Taxes

The increase in taxes of \$760,000 is basically the result of profits from the Clinton Mine having become subject to Federal Income Tax on April 1, 1971, being the end of the three-year tax free period.

#### 3. Clinton Mine

The reduction in profits before income taxes of \$1,524,315 is due to having mined a large portion of the mill feed from the lower grade footwall zone. This resulted in an average fibre recovery of 5.37% compared to the recovery of 7.06% in the previous year.

#### 4. Cassiar Mine

The reduction in profit before income taxes was \$163,266. An increase in sales of \$1,980,412 was offset by an equivalent increase in cost of production attributable to the previously reported problems encountered in the new mill.

During the year the company's line of bank credit was increased from \$9,000,000 to \$13,000,000 of which \$6,000,000 was converted into a term loan, the details of which are explained in note 3 to the financial statements.

During the year Clinton Mine capital expenditures for plant and equipment amounted to \$1,582,730, waste removal \$4,358,912 and development \$270,166.

At the Cassiar Mine, capital expenditures for plant and equipment renewal cost \$947,568, mill expansion \$2,123,574, waste removal \$3,464,235 and development \$243,349.

At Whitehorse and North Vancouver \$34,991 was realized from the sale of buildings and equipment.

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## **SALES**

Fibre sales in 1971 totalled 182,077 tons valued at \$40,563,996 compared with 196,387 tons valued at \$41,321,623 in 1970.

The growth in fibre demand that was anticipated early in 1971 did not materialize and current indications are that the market will continue at approximately the same level throughout 1972.

## **CASSIAR MINE**

### **Mine**

During the year 983,234 tons of ore were mined, of which 963,194 tons were treated in the rock rejection plant to eliminate 276,503 tons of rock. The untreated balance of 20,040 tons was high grade ore which is not amenable to this form of concentration. The resulting 686,691 tons of concentrate and 20,040 tons of untreated ore were delivered to the mill, 420,634 by tramline and 286,097 tons by truck.

A total of 4,086,884 tons of waste was removed from the orebody at a cost of \$3,464,235. It is the company's accounting policy to capitalize the cost of waste removal. The waste is related to sections of ore released for mining by its removal and the cost is apportioned accordingly. As the ore is mined from a "section", the appropriate portion of waste removal is written off as a part of the ore mining cost. On this basis, the waste charge against the ore currently being mined is \$1.68 per ton.

Unit costs and productivity in both mine and mill were adversely affected by the problems which arose running in the new mill.

### **Mill**

The mill extension was put into operation during the year. As previously reported, considerable difficulty was experienced in running in the new equipment with resultant adverse effect on planned production and substantially increased operating costs.

The mill treated 739,954 tons of ore and concentrate and produced 87,244 tons of fibre. At the year end production was quite steady and was approaching design capacity.

Recovery of the new AZ grade will commence in early July.

A bag filter system is being installed in the dryer circuit and other improvements will be initiated to assist in environmental control.

### **Ore Reserves**

The diamond drilling programme initiated in 1971 will be continued in 1972. There are indications of some changes in the configuration of the orebody at depth, but insufficient information is available at the present time to redesign the mining programme and to recalculate the probable ore reserves. It is not anticipated that the current reserves of 22,000,000 tons estimated to a depth of 340 feet below the lower adit will be significantly affected.

## **CLINTON MINE**

### **Mine**

During the year 1,731,805 tons of ore were mined and delivered to the mill by the tramline. A total of 285,028 tons of rock were rejected. An additional crusher was installed in the rock rejection circuit in August, which has increased the rate of rejection to approximately 35%.

A total of 11,145,856 tons of waste was removed at a cost of \$4,358,912. Waste removal costs are capitalized and written off in the same fashion as at Cassiar. In 1971 the charge against each ton of ore mined was \$.90.

Unit costs in the mine and mill were maintained at a satisfactory level.



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## **Mill**

The mill treated 1,447,863 tons of ore and produced 92,962 tons of fibre. The grade of the ore milled was 5.37% and came largely from the lower grade footwall zone. The mining programme has been re-designed to provide a more uniform recovery in the mill and it is anticipated that the grade will improve during 1972.

The new CZ grade will be introduced to the market during the latter half of the year.

## **Ore Reserves**

The diamond drilling programme initiated in 1971 will be continued in 1972. Approximately 50% of the footage will be in the main ore zone and the balance will be in exploratory holes in three adjacent fibre bearing areas.

The results of the 1971 drilling indicate that the ore in the west end of the Bear Creek extension is plunging more steeply than anticipated. Diamond drilling required to reach these depths of 1000 feet or better has proven difficult and costly, and a method of exploring this possible extension to the orebody will require further consideration.

It is not anticipated that the 1972 drilling will materially change the probable ore reserves of the main orebody within the present open pit design. These reserves currently stand at approximately 18,750,000 tons.

## **TRANSPORT DIVISION**

The Transport Division is now handling only the Clinton Mine production. The White Pass and Yukon Route have completed the take-over of the Cassiar haul to Whitehorse, with the exception of a limited tonnage that is being moved to Vancouver by the Pacific Great Eastern Railway from Fort Nelson and Fort St. John, B.C. It is expected that new truck-trailer designs will be introduced into the Transport Division fleet during 1972 to reduce costs.

## **KUTCHO CREEK ASBESTOS COMPANY LIMITED**

No work was carried out on this property during the year and none is planned for 1972.

## **GENERAL EXPLORATION**

The exploration of selected areas in British Columbia and the Yukon Territory will continue. No showings of economic interest were found in 1971.

## **RESEARCH**

The research programme continues to justify the expenditure involved.

## **ACKNOWLEDGEMENTS**

The directors wish to acknowledge the loyal and efficient service given the company by the staff and employees of all divisions.

On Behalf of the Board,

J. D. CHRISTIAN,  
Chairman and President.

Toronto, Canada,  
March 14, 1972.

# Cassiar Asbestos Corporation Limited

and its subsidiaries

## STATEMENTS OF CONSOLIDATED OPERATIONS AND RETAINED EARNINGS

For the Year Ended December 31, 1971  
(with comparative figures for the year 1970)

### OPERATIONS

	1971	1970
<b>Revenue:</b>		
Asbestos fibre sales .....	\$40,563,996	\$41,321,623
Other sales .....	351,430	529,573
Investments .....	93,594	33,257
Gain on sale of assets .....	36,776	40,963
	<u>41,045,796</u>	<u>41,925,416</u>
<b>Expenses:</b>		
Cost of sales (note 1) .....	22,362,321	20,758,088
Transportation to Vancouver and warehousing (note 1) ..	8,877,841	9,648,240
Administration, selling and general expenses .....	2,212,714	2,274,673
Exploration and research expenses .....	269,063	280,042
Interest on borrowings (note 3) .....	566,170	432,993
	<u>34,288,109</u>	<u>33,394,036</u>
	<u>6,757,687</u>	<u>8,531,380</u>
Minority interest in loss (profit) of subsidiary .....	10,459	(11,068)
Profit before income taxes .....	<u>6,768,146</u>	<u>8,520,312</u>
<b>Income taxes (note 4):</b>		
Current .....	(130,000)	760,000
Deferred .....	2,270,000	620,000
	<u>2,140,000</u>	<u>1,380,000</u>
Net profit for the year .....	<u>\$ 4,628,146</u>	<u>\$ 7,140,312</u>
Earnings per share .....	<u>\$ .84</u>	<u>\$ 1.31</u>

### RETAINED EARNINGS

Balance at beginning of year .....	\$20,317,917	\$17,577,605
Net profit for the year .....	4,628,146	7,140,312
	<u>24,946,063</u>	<u>24,717,917</u>
Dividends totalling 80¢ per share .....	4,400,000	4,400,000
Balance at end of year .....	<u>\$20,546,063</u>	<u>\$20,317,917</u>



# Cassiar Asbestos Corporation Limited

and its subsidiaries

## STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

**For the Year Ended December 31, 1971**  
(with comparative figures for the year 1970)

	1971	1970
<b>Source of funds:</b>		
Operations —		
Net profit (excluding gain on sale of assets) . . . . .	\$ 4,591,370	7,099,349
Waste removal costs amortized . . . . .	3,190,868	3,170,197
Preproduction and development costs amortized . . . .	877,635	666,235
Exploration costs written off . . . . .	169,170	175,432
Depreciation . . . . .	4,096,354	3,939,274
Income taxes deferred . . . . .	2,270,000	620,000
	<u>15,195,397</u>	<u>15,670,487</u>
Capital stock issued . . . . .		4,950,000
Long term portion of bank loan . . . . .	5,000,000	
Minority interest in consolidated subsidiary . . . . .		63,368
Sale of investments . . . . .	767	
	<u>20,196,164</u>	<u>20,683,855</u>
<b>Application of funds:</b>		
Plant and equipment (net) —		
Cassiar Mine . . . . .	3,071,142	6,578,494
Clinton Mine . . . . .	1,582,730	2,676,365
Transport Division . . . . .	(28,739)	507,273
Asbestos Wharf . . . . .	14,368	3,840
Whitehorse . . . . .	(20,620)	135,158
Waste removal costs —		
Cassiar Mine . . . . .	3,464,235	3,516,559
Clinton Mine . . . . .	4,358,912	2,073,600
Employees' home purchase agreements . . . . .	103,260	125,853
	<u>12,545,288</u>	<u>15,617,142</u>
Exploration, development, mining claims and land (net) . .	656,298	334,584
Purchase of investments . . . . .		40,126
Minority interest in consolidated subsidiary . . . . .	10,459	
Dividends . . . . .	4,400,000	4,400,000
	<u>17,612,045</u>	<u>20,391,852</u>
Increase in working capital during year . . . . .	2,584,119	292,003
Working capital (deficiency) beginning of year . . . . .	(1,038,197)	(1,330,200)
Working capital (deficiency) end of year . . . . .	<u>\$ 1,545,922</u>	<u>\$(1,038,197)</u>

# CASSIAR ASBESTOS CO.

(Incorporated under the laws of the Province of Ontario)

and its subsidiaries

## Consolidated Balance Sheet

(with comparative figures for 1970)

### ASSETS

	1971	1970
<b>Current:</b>		
Accounts receivable . . . . .	\$ 6,138,598	\$ 5,569,944
Asbestos fibre at cost . . . . .	3,724,475	3,485,526
Ore stockpiled at cost . . . . .	121,482	337,656
Inventory of supplies at cost . . . . .	3,198,754	3,170,145
Prepaid expenses . . . . .	167,374	163,666
Total current assets . . . . .	<u>13,350,683</u>	<u>12,726,937</u>
Investments at cost (market value 1971 — \$309,250; 1970 — \$269,013) . . . . .	<u>439,672</u>	<u>440,439</u>
Employees' home purchase agreements at cost . . . . .	<u>582,331</u>	<u>479,071</u>
<b>Fixed (at cost — note 1):</b>		
Mine plant and equipment . . . . .	46,349,515	42,445,959
Automotive equipment . . . . .	8,984,758	9,255,600
Asbestos Wharf — leasehold improvements, buildings and equipment . . . . .	1,398,053	1,408,693
Whitehorse — buildings and equipment . . . . .	1,056,385	1,157,389
Roads . . . . .	186,815	186,815
	<u>57,975,526</u>	<u>54,454,456</u>
Less accumulated depreciation . . . . .	<u>22,819,281</u>	<u>19,821,513</u>
	<u>35,156,245</u>	<u>34,632,943</u>
<b>Deferred:</b>		
Mining claims and land at cost (note 2) . . . . .	2,806,238	2,808,919
Exploration, development and preproduction costs less amounts written off (notes 1 and 2) . . . . .	5,245,390	5,597,215
Waste removal costs less amounts written off (note 1) . . . . .	<u>21,408,059</u>	<u>16,775,780</u>
	<u>29,459,687</u>	<u>25,181,914</u>
	<u>\$78,988,618</u>	<u>\$73,461,304</u>



# CORPORATION LIMITED

(da Corporations Act)

diaries

*—December 31, 1971*

*(the year 1970)*

## LIABILITIES

	1971	1970
<b>Current:</b>		
Bank indebtedness (note 3) . . . . .	\$ 7,578,892	\$ 8,345,075
Accounts payable and accrued charges . . . . .	2,800,850	3,142,980
Dividend payable January 28, 1972 (January 28, 1971) . . . .	1,100,000	1,100,000
Taxes payable . . . . .	325,019	1,177,079
Total current liabilities . . . . .	<u>11,804,761</u>	<u>13,765,134</u>
Term bank loan (note 3) . . . . .	<u>5,000,000</u>	
Income taxes deferred (note 4) . . . . .	<u>12,445,000</u>	<u>10,175,000</u>
Minority interest in subsidiary . . . . .	<u>289,321</u>	<u>299,780</u>
<b>Shareholders' equity:</b>		
Capital —		
Authorized:		
5,500,000 shares without nominal or par value		
Issued:		
5,500,000 shares . . . . .	28,903,473	28,903,473
Retained earnings . . . . .	20,546,063	20,317,917
	<u>49,449,536</u>	<u>49,221,390</u>
On behalf of the Board:		
J. D. CHRISTIAN, Director		
C. R. ELLIOTT, Director		
	<u>\$78,988,618</u>	<u>\$73,461,304</u>

# Cassiar Asbestos Corporation Limited

and its subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1971

### 1. Depreciation and amortization

The basis of depreciation and amortization is as follows:

Depreciation —

Buildings — 5% per annum on cost.

Equipment — 10% per annum on cost.

Automotive equipment cost is charged to operations at uniform rates over the estimated useful life.

During the year the depreciation charged to operations amounted to \$4,096,354 (1970 — \$3,939,274).

Amortization of waste removal costs —

Waste removal costs are charged to operations on a per ton of ore mined basis, the rate being determined by dividing the cost of waste removal by the estimated tons of ore to be released.

During the year waste removal costs charged to cost of production amounted to \$3,190,868 (1970 — \$3,170,197).

Amortization of preproduction costs —

Preproduction costs are amortized on a per ton of ore mined basis, the rate being determined by dividing the cost by the estimated ore reserves.

During the year preproduction costs charged to cost of production amounted to \$877,635 (1970 — \$666,235).

### 2. Exploration costs

The companies' policy is to write off all general exploration expenditures incurred during the year and to capitalize the direct cost of acquisition and expenditure thereon in mining properties which were in good standing at the year end. Upon disposal or abandonment of such interest the net gain or loss is reflected in the statement of operations.

### 3. Bank credit

The companies have established a line of credit, secured pursuant to section 88 of the Bank Act by a general assignment of accounts receivable and inventories of asbestos fibre, ore and supplies, in the aggregate amount of \$13,000,000.

At the year end borrowings consisted of the following —

Term loan .....	\$ 6,000,000
Banker's acceptance notes .....	5,500,000
Demand loan .....	1,078,892
	<u>\$12,578,892</u>

The term loan is repayable in annual instalments of \$1,000,000 each with a final payment in October 1976 of \$2,000,000. Interest is payable at the bank prime rate plus  $\frac{3}{4}$  of 1% on the first \$2,000,000 and 1% on the remaining \$4,000,000 of the term loan. Interest expense on the term loan was \$76,384 in 1971.

### 4. Income taxes

The provision for income taxes for the 1971 and 1970 years reflects the fact that under the Income Tax Act the income from the Clinton Mine was exempt from income taxes for the three year period ended March 31, 1971.

The companies follow the income tax allocation method of accounting for all differences in the timing of deductions for tax and accounting purposes arising from depreciation, waste removal costs, and exploration, development and preproduction costs. Income taxes deferred of \$12,445,000 represents income tax reductions which have arisen to date from claiming such items for tax purposes in excess of the amounts recorded in the accounts.

### 5. Consolidated subsidiaries

Cassiar Asbestos (Alaska) Inc.	— 100% owned
Kutcho Creek Asbestos Company Limited	— 100% owned
Territorial Supply Company Limited	— 75% owned

### 6. Remuneration of Officers and Directors

The aggregate direct remuneration paid by the companies during the year ended December 31, 1971:—

To the thirteen directors .....	\$ 18,925
To the six officers of whom four are directors ..	158,440
To three others, deemed officers pursuant to the Ontario Securities Act .....	80,700
	<u>\$ 258,065</u>

The aggregate cost to the companies during the year ended December 31, 1971 with respect to all pension benefits proposed to be paid in the event of retirement at normal retirement age (65 years):—

Re directors and officers .....	\$ 21,100
Re three others, deemed officers pursuant to the Ontario Securities Act .....	10,400
	<u>\$ 31,500</u>

### 7. Pension Plan

The present value of the unfunded portion of past service benefits is approximately \$540,000 at December 31, 1971 based on actuarial estimates made as at January 1, 1971. The amount is being funded and charged to operations by annual payments of \$47,900, including interest, to December 31, 1988.



*Clarkson, Gordon & Co.*

*Chartered Accountants*

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Toronto 111, Canada

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Toronto Hamilton Kitchener London Windsor  
Thunder Bay Winnipeg Regina Calgary  
Edmonton Vancouver Victoria

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United States—Brazil

Telephone 864-1234 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of  
Cassiar Asbestos Corporation Limited:

We have examined the consolidated balance sheet of Cassiar Asbestos Corporation Limited and its subsidiaries as at December 31, 1971 and the statements of consolidated operations and retained earnings and consolidated source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Clarkson, Gordon & Co.*

Chartered Accountants

Toronto, Canada,  
March 14, 1972.

# Cassiar Asbestos Corporation Limited

and its subsidiaries

## SUMMARY OF CONSOLIDATED OPERATIONS

**For the Year Ended December 31, 1971**  
(with comparative figures for the year 1970)

	1971			1970		
	Total	Clinton Mine	Cassiar Mine	Subsidiary company	Total	Cassiar Mine
<b>Revenue:</b>						
Asbestos fibre sales	\$40,563,996	\$18,062,718	\$22,501,278		\$41,321,623	\$20,800,757
Other sales	351,430		\$ 351,430		529,573	\$20,520,866
Investments	93,594		93,594		33,257	33,257
Gain on sale of assets	36,776		36,776		40,963	
	<u>41,045,796</u>	<u>18,062,718</u>	<u>22,594,872</u>	<u>388,206</u>	<u>41,925,416</u>	<u>20,800,757</u>
						<u>570,536</u>
						\$ 529,573
						40,963
<b>Expenses:</b>						
Cost of sales	22,362,321	10,605,887	11,416,011	340,423	20,758,088	10,773,180
Transportation to Vancouver and warehousing	8,877,841	4,633,944	4,243,897		9,648,240	5,512,349
Administration, interest, selling and general expenses	2,778,884	1,219,512	1,469,752	89,620	2,707,666	1,387,538
Exploration and research expenses	269,063		269,063		280,042	280,042
	<u>34,288,109</u>	<u>16,459,343</u>	<u>17,398,723</u>	<u>430,043</u>	<u>33,394,036</u>	<u>17,673,067</u>
						<u>15,194,708</u>
	<u>6,757,687</u>	<u>1,603,375</u>	<u>5,196,149</u>	<u>(41,837)</u>	<u>8,531,380</u>	<u>5,359,415</u>
	<u>10,459</u>			<u>10,459</u>	<u>(11,068)</u>	
Minority interest in loss (profit) of subsidiary						
Profit before income taxes	<u>\$ 6,768,146</u>	<u>\$ 1,603,375</u>	<u>\$ 5,196,149</u>	<u>\$ (31,378)</u>	<u>\$ 8,520,312</u>	<u>\$ 3,127,690</u>
						<u>\$ 5,359,415</u>
						<u>\$ 33,207</u>



# Cassiar Asbestos Corporation Limited

## *Management and Operating Personnel*

### GENERAL OFFICERS

Chairman of the Board and President	-	-	-	-	J. D. CHRISTIAN, C.B.E., B.A.Sc.
Vice-President and Secretary	-	-	-	-	C. R. ELLIOTT, C.A.
General Manager	-	-	-	-	J. G. BERRY, B.Sc.
Manager of Operations	-	-	-	-	A. C. BEGUIN, B.A.Sc.
Assistant to the President	-	-	-	-	S. K. BRIGHAM, B.A.Sc.
Consulting Engineer	-	-	-	-	T. T. TIGERT, B.A.Sc.
Assistant Secretary	-	-	-	-	J. R. SCRIMGER, F.C.I.S.
Treasurer	-	-	-	-	M. G. MAZURKEWICH
Chief Accountant	-	-	-	-	M. J. HERZOG, C.A.
Administrative Controller	-	-	-	-	J. H. THORNICROFT

### OPERATING DIVISIONS

#### CASSIAR MINE, Cassiar, B.C.

General Superintendent	-	-	-	-	A. C. CARON
Production Superintendent	-	-	-	-	B. KOVACS, B.A.Sc.
Mine Superintendent	-	-	-	-	W. L. GIACHINO, B.A.Sc.
Mill Superintendent	-	-	-	-	
Plant Superintendent	-	-	-	-	J. C. VELTMAYER
Equipment Supervisor	-	-	-	-	W. ZEMENCHIK
Mechanical Supervisor	-	-	-	-	J. P. BRYDON
Electrical Supervisor	-	-	-	-	F. KLIMENT
Surface Supervisor	-	-	-	-	L. TISCHLER
Chief Engineer	-	-	-	-	J. ST. GEORGES, B.A.
Chief Geologist	-	-	-	-	W. N. PLUMB, B.E.M., B.A.Sc.
Office Manager	-	-	-	-	C. N. GANDER
Chief Mine Accountant	-	-	-	-	S. TARASUK, B.A.

#### CLINTON MINE, Yukon Territory

General Superintendent	-	-	-	-	J. R. MURDOCH, B.Sc.
Production Superintendent	-	-	-	-	M. DE ROUIN, B.Sc.
Mine Superintendent	-	-	-	-	D. R. HUDGEON
Mill Superintendent	-	-	-	-	W. LYALL, B.Sc.
Plant Superintendent	-	-	-	-	G. L. KINGSTON, B.A.Sc.
Equipment Supervisor	-	-	-	-	
Mechanical Supervisor	-	-	-	-	P. J. WATTERS
Electrical Supervisor	-	-	-	-	R. O. HOFFMAN
Chief Engineer	-	-	-	-	J. G. DREWE, B.Sc.
Office Manager	-	-	-	-	D. O. ACASON
Chief Mine Accountant	-	-	-	-	E. P. MELNYK

#### TRANSPORT DIVISION, Whitehorse, Y.T.

General Superintendent	-	-	-	-	W. E. ROYDS, D.S.M., C.D., B.A.Sc.
Assistant General Superintendent	-	-	-	-	W. G. WHITEHOUSE
Accountant	-	-	-	-	K. J. MULLOY

#### ASBESTOS WHARF, North Vancouver, B.C.

Superintendent — Vancouver Operations	-	-	J. T. WARD
Wharf Supervisor	-	-	M. PHILLIPS
Purchasing Agent	-	-	K. B. SCRIMGER

# CASSIAR ASBESTOS CORPORATION LIMITED—TEN YEAR REVIEW

	1971	1970	1969
Ore mined (tons) . . . . .	2,715,039	2,398,155	1,729,053
Ore and concentrate milled (tons) . . . . .	2,187,817	2,024,475	1,565,703
Waste removed (tons) . . . . .	15,232,740	8,806,038	6,583,976
Fibre produced (tons) . . . . .	180,206	190,256	167,411
Fibre sold (tons) . . . . .	182,077	196,387	171,493
Fibre sales . . . . .	\$40,563,996	\$41,321,623	\$37,188,930
Profit before deducting the following . . . . .	\$15,102,173	\$16,471,450	\$14,997,704
Depreciation . . . . .	4,096,354	3,939,274	3,436,982
Exploration and development written off . . . . .	4,237,673	4,011,864	3,107,799
Net earnings before taxes . . . . .	6,768,146	8,520,312	8,452,923
Provision for current taxes . . . . .	(130,000)	760,000	2,165,000
Provision for deferred taxes . . . . .	2,270,000	620,000	(375,000)
Net earnings . . . . .	\$ 4,628,146	\$ 7,140,312	\$ 6,662,923
Net earnings per share . . . . .	84¢	\$ 1.31	\$ 1.27
Dividends declared per share . . . . .	80¢	80¢	60¢

## CAPITAL EXPENDITURES:

Land, plant and equipment . . . . .	\$ 4,580,199	\$ 9,901,130	\$ 3,008,666
Mine development — Cassiar . . . . .	3,707,584	3,516,559	2,555,898
— Clinton . . . . .	4,629,078	2,073,600	1,396,342
Exploration . . . . .	181,465	334,584	182,760

## BALANCE SHEET — AT END OF FISCAL PERIOD:

Net working capital and investments . . . . .	\$ 2,567,925	\$ (118,687)	\$ (576,669)
Territorial Supply Company Limited . . . . .	— *	— *	—
Plant and equipment . . . . .	57,975,526	54,454,456	45,643,198
Mining claims and land . . . . .	2,806,238	2,808,919	2,768,372
Deferred development . . . . .	26,653,449	22,372,995	20,459,700
Total . . . . .	90,003,138	79,517,683	68,294,601
Deduct — Term bank loan . . . . .	5,000,000	—	—
— Purchase contract payable . . . . .	—	—	—
— Deferred taxes . . . . .	12,445,000	10,175,000	9,555,000
— Accumulated depreciation . . . . .	22,819,281	19,821,513	16,972,111
— Minority interest in subsidiary . . . . .	289,321*	299,780*	236,412
Shareholders' equity . . . . .	\$49,449,536	\$49,221,390	\$41,531,078
Shares of capital stock issued at end of period . . . . .	5,500,000	5,500,000	5,252,500

\* Included as subsidiary



1968	1967	1966	1965	1964	1963	1962
1,798,284	1,029,474	901,650	743,765	705,205	756,574	720,416
1,287,107	756,787	706,492	613,404	587,908	588,733	569,571
6,289,136	4,125,054	4,299,373	4,542,457	3,464,705	2,824,197	2,357,623
140,021	92,093	87,900	85,432	66,897	62,214	57,568
124,728	91,973	94,089	82,883	64,245	62,824	51,844
627,119,821	\$21,023,006	\$20,393,363	\$17,526,197	\$14,466,691	\$13,882,535	\$12,665,656
11,794,325	\$10,116,004	\$ 9,841,812	\$ 8,498,620	\$ 7,336,746	\$ 6,682,009	\$ 6,179,710
3,136,853	1,492,336	1,439,523	1,134,471	1,093,058	1,054,740	1,091,772
2,085,080	1,798,483	1,616,523	1,295,677	1,265,226	1,427,461	1,038,733
6,572,392	6,825,185	6,785,766	6,068,472	4,978,462	4,199,808	4,049,205
1,395,000	500,000	765,000	1,310,000	1,185,000	950,000	950,000
345,000	2,150,000	1,875,000	1,070,000	765,000	660,000	650,000
4,832,392	\$ 4,175,185	\$ 4,145,766	\$ 3,688,472	\$ 3,028,462	\$ 2,589,808	\$ 2,449,205
92¢	80¢	87¢	81¢	76½¢	65¢	62¢
60¢	60¢	60¢	60¢	60¢	60¢	60¢
4,356,990	\$11,756,202	\$ 8,881,995	\$ 2,739,710	\$ 1,962,105	\$ 1,391,630	\$ 518,235
2,307,866	2,801,594	2,508,192	2,715,778	2,259,102	2,442,363	2,007,698
2,196,969	2,072,857	2,719,191	737,708	305,250	117,858	—
66,948	197,894	269,778	21,656	25,348	40,840	29,593
(3,117,663)	\$ 2,500,502	\$ 3,194,817	\$11,437,161	\$ 3,497,143	\$ 3,898,855	\$ 4,512,588
— *	175,000	175,000	175,000	225,000	275,000	275,000
42,921,458	38,361,730	26,720,300	18,115,007	15,827,789	14,615,849	13,606,270
2,777,964	2,695,315	2,630,491	2,599,956	2,590,712	2,308,596	2,371,505
19,412,718	16,945,301	13,737,213	9,864,030	7,693,810	6,371,453	5,133,445
61,994,477	60,677,848	46,457,821	42,191,154	29,834,454	27,469,753	25,898,808
—	4,000,000	—	—	—	—	—
—	75,000	150,000	225,000	300,000	—	—
9,930,000	9,585,000	7,435,000	5,560,000	4,490,000	3,725,000	3,065,000
13,811,866	10,679,085	9,302,471	8,116,570	7,434,592	6,787,353	6,090,216
232,956*	—	—	—	—	—	—
38,019,655	\$36,338,763	\$29,570,350	\$28,289,584	\$17,609,862	\$16,957,400	\$16,743,592
5,252,500	5,252,500	4,775,000	4,775,000	3,960,000	3,960,000	3,960,000









